

FISCAL NOTE

SB 566 – HB 1292

March 1, 2007

SUMMARY OF BILL: Authorizes a taxpayer or the Commissioner of Revenue to initiate litigation in the Chancery Court of Davidson County for a determination of business tax assessment when the taxpayer fails to file a tax return, or when the taxpayer and Commissioner cannot agree after findings of information necessary to make such a determination.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues – Exceeds \$100,000

Decrease Local Govt. Revenues – Exceeds \$50,000

Assumptions:

- According to the Revenue Enforcement Division of the Department of Revenue (DOR), revenue collections from disputed business tax assessments would be greatly impeded by this legislation.
- Assets of taxpayers could be depleted during pending litigation resulting in higher business tax receivables for DOR, and reduced business tax collections. Determining a precise estimate for this portion of the fiscal impact is difficult due to several unknown factors such as the extent of future delinquent business tax, the number of delinquent business taxpayers, and the results of future litigation. However, such decrease to state revenues is estimated to exceed \$100,000 per year.
- Given local jurisdictions collect the majority of business tax for the state and are authorized by statute to retain portions of amounts collected, local government revenues are estimated to decrease by an amount exceeding \$50,000 per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director